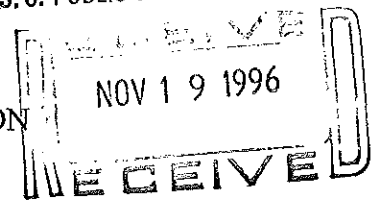
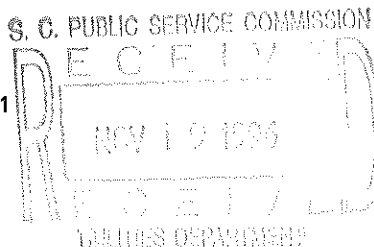


BEFORE THE
SOUTH CAROLINA PUBLIC SERVICE COMMISSION

DOCKET NO. 96-318-C

In Re: Interim Local Exchange Carrier (LEC) Fund)
)
)**TESTIMONY OF
H. KEITH OLIVER****Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.****A.** My name is H. Keith Oliver. My business address is Post Office Box 1194, Moncks
Corner, South Carolina 29461.**Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?****A.** I am employed by Home Telephone Company, Inc. as the Company's Accounting
Manager.**Q. PLEASE BRIEFLY OUTLINE YOUR EDUCATION, TRAINING, AND
EXPERIENCE IN THE TELEPHONE INDUSTRY.****A.** I received a Bachelor of Science degree in Business Administration from the College of
Charleston in May 1977. I was licensed as a Certified Public Accountant in May of 1979,
and continued work in public accounting until October of 1984 when I was hired in the
finance area at Home Telephone Company.I am responsible for all financial matters, including Carrier Access Billing Systems
(CABS) for interLATA traffic, NECA settlements for Interstate traffic, and the settlement
process for intraLATA toll. I have served on several South Carolina Telephone
Association (SCTA) committees, including serving as Chairman of the SCTA Accounting

COLA3:321255-1

RETURN DATE: _____
SERVICE: OK

1 Committee for three years. I currently serve as Chairman of the SCTA Interconnect
2 Committee.

3 **Q. WHO ARE YOU REPRESENTING IN THIS PROCEEDING BEFORE THE**
4 **COMMISSION?**

5 **A.** I am appearing today before the South Carolina Public Service Commission on behalf of
6 the South Carolina Telephone Coalition ("SCTC"). SCTC is an informal organization of
7 local exchange carriers ("LECs") that come together on matters of mutual importance to
8 these companies.

9 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

10 **A.** The purpose of my testimony is to present the SCTC's proposed plan concerning the
11 implementation of the Interim LEC Fund ("Fund"). In Act No. 354 of 1996 ("the Act"),
12 the South Carolina General Assembly mandated that the South Carolina Public Service
13 Commission establish an Interim LEC Fund not later than December 31, 1996. The Act,
14 which was negotiated and ultimately passed with general industry consensus, was signed
15 by the Governor and became effective on May 29, 1996.

16 **Q. WHAT IS THE SCTC'S POSITION IN THIS DOCKET?**

17 **A.** The SCTC seeks approval of the South Carolina Interim LEC Fund Administration and
18 Procedures ("the Plan") which the SCTC filed with the Commission on October 1, 1996.
19 A copy of the Plan is attached hereto as Exhibit "A" and is incorporated herein by
20 reference. The Plan as filed sets forth the administrative and procedural steps necessary
21 to implement the Fund in a manner consistent with S.C. Code Ann. § 58-9-280(L) and
22 (M).

1 **Q. WITHOUT LENDING INTERPRETATION, COULD YOU PLEASE READ THOSE**
2 **SECTIONS OF THE ACT THAT PERTAIN TO THE INTERIM LEC FUND?**

3 **A.** The relevant provisions are found in Section 2 of the Act, which amends existing South
4 Carolina Code Section 58-9-280. New subsections (L) and (M) provide as follows.

5
6 *(L) Upon enactment of this section and the establishment of the Interim LEC Fund, as*
7 *specified in subsection (M) of this section, the commission shall, subject to the*
8 *requirements of federal law, require any electing incumbent LEC, other than an incumbent*
9 *LEC operating under an alternative regulation plan approved by the commission before*
10 *the effective date of this section, to immediately set its toll switched access rates at levels*
11 *comparable to the toll switched access rate levels of the largest LEC operating within the*
12 *State. To offset the adverse effect on the revenues of the incumbent LEC, the commission*
13 *shall allow adjustment of other rates not to exceed statewide average rates, weighted by*
14 *the number of access lines, and shall allow distributions from the Interim LEC Fund, as*
15 *may be necessary to recover those revenues lost through the concurrent reduction of the*
16 *intrastate switched access rates.*

17
18 *(M) The commission shall, not later than December 31, 1996, establish an Interim LEC*
19 *Fund. The Interim LEC Fund shall initially be funded by those entities receiving an*
20 *access or interconnection rate reduction from LEC's pursuant to subsection (L) in*
21 *proportion to the amount of the rate reduction. To the extent that affected LEC's are*
22 *entitled to payments from the USF, the Interim LEC Fund must transition into the USF*

1 *as outlined in Section 58-9-280(E) when funding for the USF is finalized and adequate*
2 *to support the obligations of the Interim LEC Fund.*

3
4 **Q. WOULD YOU PLEASE SUMMARIZE THE INTERIM LEC FUND PLAN AS**
5 **FILED BY THE SCTC?**

6 **A.** The twenty-three Small LECs that intend to participate in the Plan (see list of SCTC
7 companies participating in the Plan, attached hereto as Exhibit "B") will receive monthly
8 distributions from the Fund to offset the reductions in intrastate switched access rates.
9 The Plan is intended to be a stand-alone plan to accomplish the rebalancing of intrastate
10 switched access rates and the specific local service rates set forth in the Plan.
11 The details of the proposal are described in the attached Plan. In simple terms, the size
12 of the Fund is equal to the amount of revenues that will be lost due to the reduction of
13 toll switched access rates by participating LECs. The size of the Fund is then adjusted
14 based on offsetting revenues received from the participating LECs as a result of rate
15 rebalancing.

16 The SCTC companies that intend to participate in the Plan have filed proposed Rate
17 Schedules with the Commission, which reflect the rate adjustments each company intends
18 to make on a year-by-year basis over the next five years. Those Rate Schedules are
19 attached hereto as Exhibit "C." The Act specifically allows incumbent LECs to adjust
20 other rates to offset revenue reductions, as long as the new rates do not exceed statewide
21 average rates. The Plan is revenue neutral, i.e., no participating LEC may adjust its rates

1 to levels that are higher than the levels needed to compensate the participating LEC for
2 the loss of revenues from toll switched access rate reductions.

3 The SCTC's Plan allows each electing company to restructure its rates on a company-
4 specific basis to best address the needs of its particular service area. As the rates are
5 restructured, the overall increase in revenue generated by the restructured rates is used to
6 reduce the size of the Fund. The size of the Fund may also be reduced through the
7 imputation requirement built into the Plan, as further discussed below.

8
9 **Q. ACCORDING TO THE ACT, WHAT ENTITIES WILL BE ELIGIBLE TO**
10 **RECEIVE DISTRIBUTIONS FROM THE FUND?**

11 **A.** Distributions from the Interim LEC Fund will be made to incumbent LECs as provided
12 for in S.C. Code Ann. § 58-9-280(L). The Fund is directly tied to the incumbent LEC's
13 reduction in intrastate switched access rates.

14
15 **Q. WHAT ENTITIES WILL BE REQUIRED TO CONTRIBUTE TO THE INTERIM**
16 **LEC FUND?**

17 **A.** According to the Act, the Interim LEC Fund shall be funded by those entities receiving
18 an access or interconnection rate reduction from those LECs electing to reduce their
19 access rates pursuant to Section 58-9-280(L).

20
21 **Q. CAN ANY ENTITIES BE EXEMPTED FROM CONTRIBUTING TO THE**
22 **INTERIM LEC FUND?**

23 **A.** Yes. In order to ease the administrative burden of the Fund, the Plan submitted by the
24 SCTC gives the Commission, as the Fund Administrator, the discretion to exempt small

1 contributors (i.e., those whose contributions are deemed by the Commission to be de
2 minimis) from the requirement of contributing to the Fund. The minutes of use of the
3 exempted contributors would be excluded from the calculations used to determine each
4 contributor's share of the Fund.

5
6 **Q. WILL THE PLAN RESULT IN INCREASED REVENUES FOR INCUMBENT**
7 **LECS?**

8 **A.** No. The Fund is revenue neutral for participating LECs. The Fund will merely offset
9 the revenue losses that will result from reducing toll switched access rates.

10
11 **Q. WILL THE PLAN RESULT IN REVENUE LOSSES FOR CONTRIBUTING**
12 **CARRIERS?**

13 **A.** No. Even if incumbent LECs did not implement any rate rebalancing, the maximum size
14 of the Fund would be the same amount that contributing carriers are currently paying
15 incumbent LECs for toll switched access. The incumbent LECs' proposed rate
16 rebalancing, coupled with the Plan's imputation requirement, serves to reduce the total
17 Fund amount. Consequently, the combination of contributing carriers' payments to
18 incumbent LECs for access and to the Fund will still be less than the amount contributing
19 carriers would have to pay incumbent LECs for toll switched access under the current toll
20 switched access rates. Once rate rebalancing is fully implemented, as Mr. Meltzer's
21 testimony shows, contributing carriers should save in excess of \$10,000,000 through
22 implementation of the Plan.

1 **Q. WOULD YOU PLEASE EXPLAIN THE CONCEPT OF IMPUTATION WITH**
2 **RESPECT TO THE PLAN, AND DESCRIBE HOW THIS CONCEPT WOULD BE**
3 **APPLIED BY THE PARTICIPATING LECS?**

4 **A.** In formulating the Plan, the SCTC attempted to present a position that was fair and
5 balanced. The Plan, and particularly the imputation requirement, represents a compromise
6 position between companies that will receive distributions from the Fund and those
7 entities that will make contributions to the Fund. The imputation requirement allows the
8 participating LEC the flexibility to make the business decision of whether, when, and how
9 to rebalance its rates, while at the same time ensuring that other telecommunications
10 carriers will not be required to foot the bill for those individual business decisions. For
11 example, if "LEC A" believes that its monthly rates should increase by a total of \$2.50
12 over the next 5 years in order to offset the revenue losses from access rate reductions,
13 "LEC A" may choose to increase rates \$2.50 per month in year 1 (thereby immediately
14 and permanently reducing its distributions from the Fund), or it may increase rates \$0.50
15 per month each year for 5 years, or it may wait until year 5 to increase the rates \$2.50
16 per month. In the last scenario, a monthly rate adjustment of \$0.50 will be imputed to
17 "LEC A" each year for 5 years. Each LEC's distribution from the Fund will be reduced
18 by the greater of the revenues generated from rate rebalancing or the imputed amount.
19
20

1 **Q. THE PLAN PROVIDES THAT "PARTICIPATING LECS SHALL NOT BE**
2 **REQUIRED TO INCREASE THE BUSINESS RATE TO AN AMOUNT GREATER**
3 **THAN TWO TIMES THE STATEWIDE AVERAGE RESIDENTIAL RATE."**
4 **WHAT IS THE JUSTIFICATION FOR THIS REQUIREMENT?**

5 **A.** The Act does not require electing incumbent LECs to adjust rates to statewide average
6 rates, but instead allows participating LECs to adjust other rates "not to exceed statewide
7 average rates."

8 The SCTC believes that the statewide average B1 rate of \$36.95, as recently calculated
9 by the Commission staff, is simply not appropriate for SCTC companies' business
10 customers, for two reasons. First, that average is heavily weighted by BellSouth, which
11 has almost 68% of the total business lines in South Carolina. The vast majority of SCTC
12 company business customers are small business customers, as compared with the large
13 business customers typically located in the urbanized, BellSouth areas of the State.
14 Second, the SCTC believes it is appropriate to maintain the present and historical
15 relationship between residential and business rates. For SCTC's customers, single-line
16 business rates have typically been equal to approximately two times the residential rate.
17 The SCTC believes this ratio is appropriate and should be maintained in the Plan.

18
19 **Q. DOES THE PLAN CONTEMPLATE ADJUSTMENTS TO THE OVERALL SIZE**
20 **OF THE INTERIM LEC FUND?**

21 **A.** Yes. There are two types of adjustments that will be made to the Fund. First, the Plan
22 requires an annual adjustment to the Fund if there are further access rate changes made
23 by the largest LEC operating in the state. This adjustment could either increase or

1 decrease the size of the Fund. Any adjustment would be revenue neutral for recipients
2 and contributors to the Fund.

3 The second adjustment relates to the normal growth of the Fund. The Act states that the
4 Fund should offset any adverse effect on revenues to those incumbent LECs who elect to
5 reduce their toll switched access rates. The most accurate way to capture and offset the
6 continuing adverse effect on incumbent LECs' revenues would be to allow the Fund to
7 grow with access minutes. As explained below, the SCTC proposes that the growth in
8 the size of the Fund be limited to a more conservative factor reflecting the growth in
9 access lines, as opposed to minutes. Historical trends indicate that access lines grow at
10 about one-half the rate of growth in access minutes.

11
12 **Q. WHY SHOULD THE SIZE OF THE FUND INCREASE BASED ON ACCESS LINE**
13 **GROWTH?**

14 **A.** The Act contemplates that participating LECs will: 1) lower their toll switched access
15 rates; and 2) offset the revenue loss associated with reduced access rates through
16 adjustment to other rates, distributions from the Interim LEC Fund, or a combination of
17 the two. If the entire amount of each participating LEC's revenue shortfall could be made
18 up through the adjustment of other rates, no Interim LEC Fund would be necessary.
19 Since the entire amount of the shortfall would be made up through increases in monthly
20 subscriber charges, the revenue would automatically grow with each new subscriber. The
21 LECs would simply be replacing a traffic-sensitive revenue stream, which grows with
22 access minutes, with a non-traffic sensitive revenue stream that would grow with access
23 lines. However, the problem with offsetting revenue losses from access rate reductions

1 solely through rate adjustments is that, for many small LECs, this would require large rate
2 adjustments, which would result in "rate shock" for customers, particularly in rural areas.
3 The Act takes this into account and protects those customers by mandating that rate
4 adjustments will not result in rates that exceed statewide average rates. In order to offset
5 the adverse effect on the revenues of those incumbent LECs that will not be able to
6 recover all lost revenues through rate rebalancing, the General Assembly ordered that an
7 Interim LEC Fund be established. If the Fund is to fully offset these lost traffic-sensitive
8 revenue streams, it must be permitted to grow at some rate reflective of access minutes
9 or access lines.

10
11 **Q. WHEN WILL THE FUND TERMINATE?**

12 **A.** The Act's competing policies of reducing access rates and at the same time protecting
13 local customers by ensuring that rate adjustments will not result in rates that exceed
14 statewide average rates guarantee that the reasons for the existence of the Interim LEC
15 Fund will not simply disappear in time. The Act also provides, however, for the creation
16 of a Universal Service Fund ("USF") and, for administrative ease, the Act calls for the
17 transition of the Interim LEC Fund into the USF "when funding for the USF is finalized
18 and adequate to support the obligations of the Interim LEC Fund." The SCTC does not
19 intend to receive any kind of double recovery for these toll switched access rate
20 reductions. To the extent that it can be clearly demonstrated that these lost revenues are
21 being recovered from the state and/or federal Universal Service Funds, the amounts
22 distributed to participating LECs from the Interim LEC Fund would be reduced by a
23 corresponding amount.

1 **Q. HOW WILL THE FUND BE ADMINISTERED?**

2 **A.** Consistent with the Act, the SCTC's proposal envisions the Commission administering the
3 Fund. The participating LECs will submit the relevant access minute information to the
4 Commission. The Commission will calculate the size of the Fund according to Section
5 III of the Plan, and make annual adjustments to the size of the Fund according to Section
6 IV of the Plan. The Commission would bill each contributing carrier according to Section
7 II(B), and collect payments from each contributing carrier according to Section II(C).
8 Funds would be disbursed to participating LECs according to Section V of the Plan.

9
10 **Q. DOES THE SCTC HAVE A RECOMMENDATION FOR THE COMMISSION**
11 **WITH RESPECT TO IMPLEMENTATION AND STRUCTURE OF THE INTERIM**
12 **LEC FUND?**

13 **A.** Yes. The SCTC respectfully recommends to the Commission that the South Carolina
14 Interim LEC Fund Administration and Procedures be approved as submitted by the SCTC.
15 The structure and implementation procedures of the Plan adhere to the requirements of
16 Act No. 354 of 1996. The General Assembly mandated that the Interim LEC Fund be
17 established not later than December 31, 1996. The SCTC submitted its proposed Plan to
18 the Commission on October 1, 1996. During the legislative process which resulted in the
19 enactment of S.C. Act No. 354 of 1996, the SCTC and the other parties involved in this
20 docket worked collaboratively to resolve all issues and ensure that all South Carolina
21 consumers would be treated fairly in the emerging competitive telecommunications
22 environment. We respectfully request that the Interim LEC Fund be implemented and
23 administered as described in the Plan filed by the SCTC and in accordance with the

1 statutory guidelines provided by the South Carolina General Assembly. This funding
2 mechanism and its guidelines for administration and implementation provide a middle-of-
3 the-road approach that ensures no group will be harmed -- not small LECs, entities
4 purchasing access services or, most importantly, consumers of telecommunications
5 services in South Carolina.

6
7 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

8 **A.** Yes, it does.

**SOUTH CAROLINA INTERIM LEC FUND
ADMINISTRATION AND PROCEDURES**

I. Participation in the Interim LEC Fund

- A. The local exchange companies listed in Attachment A (the "Participating LECs") will participate in the Interim LEC Fund (the "Fund") pursuant to the procedures set forth below (the "Plan.")
- B. Participating LECs will be compensated monthly from the Fund, as described in Sections III, IV, and V, below.
- C. This Plan is intended to be a stand alone plan to accomplish the rebalancing of intrastate switched access rates and the specific local service rates set forth in this Plan. Any changes in rates or revenue requirements which are authorized or mandated outside of this Plan shall not impact the calculations made pursuant to the Plan.

II. Contributions to the Fund

- A. The Fund shall receive contributions from those entities (the "Contributing Carriers") receiving an access or interconnection rate reduction from Participating LECs. Contributing Carriers include, but are not limited to, IntraLATA toll providers, IXC/resellers (including new IXC/reseller entrants), ACP providers to the extent that they terminate measured ACP minutes to a Participating LEC, and other carriers as applicable. Contributing Carriers will contribute to the Fund an amount based on their respective statewide shares of the sum of Participating LECs' intrastate switched access minutes (originating and terminating) and the applicable ACP minutes. If the Commission makes a determination that a carrier's statewide share of such minutes is de minimis, then the Commission may exclude that carrier from the list of Contributing Carriers.
- B. In order to assist the Commission in calculating the amount due from each Contributing Carrier, in the first year each Participating LEC will submit to the Commission a report containing those billed minutes of use (by carrier) necessary to calculate each Contributing Carrier's respective statewide share of relevant minutes of use, as described in II(A) above, for the calendar year ending December 31, 1995, or a representative 12 months (the "Base Period."). In subsequent years, each Participating LEC will provide such information, for the most recent quarter for which data is available, to the Commission by October 1. Based on that data, each Contributing Carrier's contribution for the subsequent year will be determined, and the Contributing Carrier notified, by December 1. Each Contributing Carrier shall divide its contribution amount into 12 equal payments, with the first payment being due on January 1 of the subsequent year.

- C. Each Contributing Carrier will thereafter remit payments to the Fund by the first of each month. Late payments to the Fund will be assessed at the rate of .0493% per day.

III. Size of the Fund

Each Participating LEC will file, to become effective January 1 of each year beginning in 1997, intrastate switched access tariff rates which equal the intrastate switched access rates, as of October 1 of the previous year, of the largest LEC operating within the State. By way of example, the intrastate switched access rates of the largest LEC currently operating within the State (*i.e.*, BellSouth) are shown in Attachment B. The size of the Fund for calendar year 1997 is the sum of the difference between each individual Participating LEC's intrastate switched access rates in effect on October 1, 1996, and the intrastate switched access rates in effect on that date for the largest LEC operating within the State, multiplied by each individual LEC's Base Period minutes. In future years, the calculation will be made in the same way except that the rates in effect as of October 1 of the previous year for the largest LEC operating within the State will be used. An example of how the size of the Fund will be calculated is shown in Attachment C.

IV. Adjustment to the Size of the Fund

- A. Rate rebalancing by Participating LECs will begin in the month of January, 1997. Each Participating LEC will file a subscriber tariff to reflect the rate adjustments identified in the company's proposed Rate Schedule ("Target Rate Adjustments").¹ An individual company's local rate increase pursuant to this Plan is limited to its total Fund requirements. Each company's new rates (including touchtone charges) after the Target Rate Adjustments shall not exceed the statewide average rates as of October 1, 1996; provided that no Participating LEC shall be required to make a rate adjustment pursuant to this Plan if the Participating LEC's rates, including touchtone, already exceed the statewide average rates. Participating LECs shall not be required to increase the business rate to an amount greater than two times the statewide average residential rate. Any local rate increases made pursuant to this Plan will be revenue-neutral to the Participating LECs with respect to Base Period access lines, as these increases will be offset by reductions in the Fund.

¹ The respective companies' Rate Schedules will reflect the individual rate adjustments that each company plans to make, consistent with this Plan. The proposed individual company data will be provided to the Commission in a timely manner. Each company's maximum rate for any given year can be obtained by adding the cumulative rate adjustments to the current (*i.e.*, 1996) rate.

B. As local service rates are adjusted according to the respective companies' Rate Schedules, each Participating LEC's amount due from the Fund will be reduced by the larger of the following:

1. The cumulative rate adjustments, as reflected in the respective companies' Rate Schedules, multiplied by the respective number of access lines for which each service was rendered on the last day of the Base Period.

2. An imputed amount of 20% per year, cumulatively for 5 years, of the difference between the rates in effect on the last day of the Base Period and the corresponding statewide average rates, or such lower amount as may be required by an individual company to achieve revenue neutrality with respect to the Fund, or such lower amount as may be mandated by the Commission.

C. Each year, the Fund will be increased in proportion to the growth in access lines. For year 2 (calendar year 1998), the growth in access lines will be measured by comparing the access lines on the last day of the Base Period with the access lines as reported to NECA for June 30, 1997. Thereafter, the access lines as reported to NECA for June 30 of succeeding years will be used as the basis for comparison. Beginning in 1997, Participating LECs shall report to the Commission on October 1 of each year the access lines as reported to NECA for June 30 of that year.

V. Disbursements from the Fund

The Fund will remit payments to the Participating LECs at the end of each month beginning January 31, 1997, based on the net revenue shortfall, if any, (after adjustments as described in IV above) resulting from access rate reductions.

VI. Termination of the Fund

The Fund will transition into the Universal Service Fund ("USF"), as outlined in S.C. Code Ann. § 58-9-280(E), once funding for the USF is finalized and adequate to support the obligations of the Interim LEC Fund.

Attachment A

Participating LECs

ALLTEL South Carolina, Inc.
Bluffton Telephone Company, Inc.
Chesnee Telephone Company
Chester Telephone Company
Farmers Telephone Cooperative, Inc.
Ft. Mill Telephone Company
Hargray Telephone Company, Inc.
Heath Springs Telephone Company Inc.
Home Telephone Company, Inc.
Horry Telephone Cooperative, Inc.
Lancaster Telephone Company
Lockhart Telephone Company
McClellanville Telephone Company
Norway Telephone Company
Palmetto Rural Telephone Cooperative, Inc.
Piedmont Rural Telephone Cooperative, Inc.
Pond Branch Telephone Company
Ridgeway Telephone Company
Rock Hill Telephone Company
Sandhill Telephone Cooperative, Inc.
St. Stephen Telephone Company
West Carolina Rural Telephone Cooperative, Inc.
Williston Telephone Company

Attachment B

Tariff of Largest LEC Operating in South Carolina
(BellSouth)

(For Illustrative Purposes Only)

Switched Premium Local Transport	
Termination (per MOU)	0.01170
Facility (per mile per MOU)	0.00004
Common Carrier Line	
All Feature Groups (per MOU)	
Premium - Originating	0.01
- Terminating	0.02639
Non-Premium - Originating	0.006
- Terminating	0.01583
Local Switching (LS-1-LS-2)	
Per MOU	0.0378
Information Surcharge (per MOU)	0.00037
800 Data Base Query - Per Query	0.001

Attachment C (Page 1 of 2)

South Carolina Interim LEC Fund
Administration and Procedures
Example of Size of Fund (III)

Attachment C

YEAR 1	A	B	C	D	E
RATE	BASE YEAR MINUTES	LEC RATE 10/1/96	BELL RATE 10/1/96	DIFFERENCE IN RATE	A x D
COMPANY A					
CCL FG-D Originating - Premium	8,000,000	\$0.01590	\$0.01000	\$0.00590	\$ 47,200
CCL FG-D Terminating - Premium	11,000,000	\$0.03090	\$0.02639	\$0.00451	\$ 49,6100
CO Interconnect Charge	20,000,000	\$0.00000	\$0.00574	\$(0.00574)	\$ (114,800)
Switched Prem. Local Trans. Term.	20,000,000	\$0.01190	\$0.00036	\$0.01154	\$ 230,809
Switched Prem. Local Trans. Fac. Route 1	2,200,000	\$0.00685	\$0.00086	\$0.00600	\$ 13,195
Switched Prem. Local Trans. Fac. Route 2	2,400,000	\$0.00082	\$0.00010	\$0.00072	\$ 1,720
Prem. Local Switching (LS-1 & LS-2)	20,000,000	\$0.03845	\$0.01095	\$0.02750	\$ 549,952
Information Surcharge	20,000,000	\$0.00027	\$0.00037	\$(0.00010)	\$ (2,049)
800 Data Base Query - per Query	700,000	\$0.01266	\$0.00400	\$0.00866	\$ 6,065
SUM OF THE DIFFERENCE					\$ 781,702
COMPANY B					
CCL FG-D Originating - Premium	9,000,000	\$0.01590	\$0.01000	\$0.00590	\$ 53,100
CCL FG-D Terminating - Premium	12,000,000	\$0.03090	\$0.02639	\$0.00451	\$ 54,120
CO Interconnect Charge	22,000,000	\$0.00000	\$0.00574	\$(0.00574)	\$ (126,280)
Switched Prem. Local Trans. Term	22,000,000	\$0.01082	\$0.00036	\$0.01046	\$ 230,089
Switched Prem. Local Trans Fac Route 1	4,000,000	\$0.00685	\$0.00086	\$0.00600	\$ 23,990
Switched Prem Local Trans Fac Route 2	1,000,000	\$0.00082	\$0.00010	\$0.00072	\$ 717
Prem Local Switching (LS-1 & LS-2)	22,000,000	\$0.03495	\$0.01095	\$0.02400	\$ 528,052
Information Surcharge	22,000,000	\$0.00025	\$0.00037	\$(0.00013)	\$ (2,797)
800 Data Base Query - per Query	1,100,000	\$0.00806	\$0.00400	\$0.00406	\$ 4,465
SUM OF THE DIFFERENCE					\$ 765,456
TOTALS (COMPANY A + COMPANY B)					
CCL FG-D Originating - Premium	17,000,000				\$ 100,300
CCL FG-D Terminating - Premium	23,000,000				\$ 103,730
CO Interconnect Charge	42,000,000				\$ (241,080)
Switched Prem Local Trans Term	42,000,000				\$ 460,898
Switched Prem Local Trans Fac Route 1	6,200,000				\$ 37,185
Switched Prem Local Trans Fac Route 2	3,400,000				\$ 7,437
Prem Local Switching (LS-1 & LS-2)	42,000,000				\$ 1,078,004
Information Surcharge	42,000,000				\$ (4,845)
800 Data Base Query - per Query	1,800,000				\$ 10,529
	1,800,000				\$ 10,529
SUM OF THE DIFFERENCE					\$ 1,547,159

Attachment C (Page 2 of 2)

South Carolina Interim LEC Fund
Administration and Procedures
Example of Size of Fund (III)

YEAR 2 RATE	A BASE YEAR MINUTES	B LEC RATE 10/1/96	C BELL RATE 10/1/97	D DIFFERENCE IN RATE	E A x D
COMPANY A					
CCL FG-D Originating - Premium	8,000,000	\$0.01590	\$0.00500	\$0.01090	\$ 87,200
CCL FG-D Terminating - Premium	11,000,000	\$0.03090	\$0.02000	\$0.01090	\$ 119,900
CO Interconnect Charge	20,000,000	\$0.00000	\$0.00500	\$(0.00500)	\$ (100,000)
Switched Prem. Local Trans. Term.	20,000,000	\$0.01190	\$0.00036	\$0.01154	\$ 230,809
Switched Prem. Local Trans. Fac. Route 1	2,200,000	\$0.00685	\$0.00086	\$0.00600	\$ 13,195
Switched Prem. Local Trans. Fac. Route 2	2,400,000	\$0.00082	\$0.00010	\$0.00072	\$ 1,720
Prem. Local Switching (LS-1 & LS-2)	20,000,000	\$0.03845	\$0.01000	\$0.02845	\$ 568,952
Information Surcharge	20,000,000	\$0.00027	\$0.00030	\$(0.00003)	\$ (669)
800 Data Base Query - per Query	700,000	\$0.01266	\$0.00300	\$0.00966	\$ 6,765
SUM OF THE DIFFERENCE					\$ 927,972
COMPANY B					
CCL FG-D Originating - Premium	9,000,000	\$0.01590	\$0.00500	\$0.01090	\$ 98,100
CCL FG-D Terminating - Premium	12,000,000	\$0.03090	\$0.02000	\$0.01090	\$ 130,800
CO Interconnect Charge	22,000,000	\$0.00000	\$0.00500	\$(0.00500)	\$ (110,000)
Switched Prem. Local Trans. Term	22,000,000	\$0.01082	\$0.00036	\$0.01046	\$ 230,089
Switched Prem. Local Trans Fac Route 1	4,000,000	\$0.00685	\$0.00086	\$0.00600	\$ 23,990
Switched Prem Local Trans Fac Route 2	1,000,000	\$0.00082	\$0.00010	\$0.00072	\$ 717
Prem Local Switching (LS-1 & LS-2)	22,000,000	\$0.03495	\$0.01000	\$0.02495	\$ 548,952
Information Surcharge	22,000,000	\$0.00025	\$0.00030	\$(0.00005)	\$ (1,169)
800 Data Base Query - per Query	1,100,000	\$0.00806	\$0.00300	\$0.00506	\$ 5,565
SUM OF THE DIFFERENCE					\$ 927,044
TOTALS (COMPANY A + COMPANY B)					
CCL FG-D Originating - Premium	17,000,000				\$ 185,300
CCL FG-D Terminating - Premium	23,000,000				\$ 250,700
CO Interconnect Charge	42,000,000				\$ (210,000)
Switched Prem Local Trans Term	42,000,000				\$ 460,898
Switched Prem Local Trans Fac Route 1	6,200,000				\$ 37,185
Switched Prem Local Trans Fac Route 2	3,400,000				\$ 27,437
Prem Local Switching (LS-1 & LS-2)	42,000,000				\$ 1,117,904
Information Surcharge	42,000,000				\$ (1,737)
800 Data Base Query - per Query	1,800,000				\$ 12,329
SUM OF THE DIFFERENCE					\$ 1,855,017

Participating LECs

ALLTEL South Carolina, Inc.
Bluffton Telephone Company, Inc.
Chesnee Telephone Company
Chester Telephone Company
Farmers Telephone Cooperative, Inc.
Fort Mill Telephone Company
Hargray Telephone Company, Inc.
Heath Springs Telephone Company Inc.
Home Telephone Company, Inc.
Horry Telephone Cooperative, Inc.
Lancaster Telephone Company
Lockhart Telephone Company
McClellanville Telephone Company
Norway Telephone Company
Palmetto Rural Telephone Cooperative, Inc.
Piedmont Rural Telephone Cooperative, Inc.
Pond Branch Telephone Company
Ridgeway Telephone Company
Rock Hill Telephone Company
Sandhill Telephone Cooperative, Inc.
St. Stephen Telephone Company
West Carolina Rural Telephone Cooperative, Inc.
Williston Telephone Company

Rate Schedule

Exhibit C

Alltel - Cameron, Creston & St. Matthews Exchanges

	Current Rate	Change					Phased-in Rate
		1997	1998	1999	2000	2001	
R1	5.85	4.25	4.25	0	0	0	14.35
Residential Touch Tone	2.25	-2.25 *	0	0	0	0	0
Residential Zone Charge	1.50	-1.50 **	0	0	0	0	0
B1	10.35	5.00	5.00	5.00	3.35	0	28.70
Business Touch Tone	2.25	-2.25 *	0	0	0	0	0
Business Zone Charge	1.50	-1.50 **	0	0	0	0	0
K-1	12.00	4.70	4.00	4.00	4.00	0	28.70
PBX	22.00	3.35	3.35	0	0	0	28.70
Semipublic							
COCOT							

* Alltel's touchtone charges have been eliminated prior to implementation of the Interim LEC Fund Plan.

** Alltel's zone charges for these exchanges have been eliminated prior to implementation of the Interim LEC Fund Plan.

November 18, 1996

Rate Schedule

Alltel - Campobello & Landrum Exchanges

	Current Rate	Change					Phased-in Rate
		1997	1998	1999	2000	2001	
R1	11.31	3.04	0	0	0	0	14.35
Residential Touch Tone	1.70	-1.70 *	0	0	0	0	0
Residential Zone Charge	N/A						
B1	28.65	0.05	0	0	0	0	28.70
Business Touch Tone	2.25	-2.25 *	0	0	0	0	0
Business Zone Charge	N/A						
K-1							
PBX							
Semipublic							
COCOT							

* Alltel's touchtone charges have been eliminated prior to implementation of the Interim LEC Fund Plan.

November 18, 1996

Rate Schedule

Alltel - Inman Exchange

	Current Rate	Change					Phased-in Rate
		1997	1998	1999	2000	2001	
R1	10.80	3.55	0	0	0	0	14.35
Residential Touch Tone	1.70	-1.70 *	0	0	0	0	0
Residential Zone Charge	N/A						
B1	27.00	1.70	0	0	0	0	28.70
Business Touch Tone	2.25	-2.25 *	0	0	0	0	0
Business Zone Charge	N/A						
K-1							
PBX							
Semipublic							
COCOT							

* Alltel's touchtone charges have been eliminated prior to implementation of the Interim LEC Fund Plan.

Rate Schedule

Alltel - Kershaw Exchange

	Current Rate	Change					Phased-in Rate
		1997	1998	1999	2000	2001	
R1	10.60	3.75	0	0	0	0	14.35
Residential Touch Tone	1.70	-1.70 *	0	0	0	0	0
Residential Zone Charge	N/A						
B1	21.00	3.85	3.85	0	0	0	28.70
Business Touch Tone	2.25	-2.25 *	0	0	0	0	0
Business Zone Charge	N/A						
K-1	26.60	2.10	0	0	0	0	28.70
PBX							
Semipublic							
COCOT							

* Alltel's touchtone charges have been eliminated prior to implementation of the Interim LEC Fund Plan.

November 18, 1996

Rate Schedule

Alltel - Lexington Exchange

	Current Rate	Change					Phased-in Rate
		1997	1998	1999	2000	2001	
R1	13.60	.75	0	0	0	0	14.35
Residential Touch Tone	1.70	-1.70 *	0	0	0	0	0
Residential Zone Charge	N/A						
B1	30.00	0	0	0	0	0	30.00
Business Touch Tone	2.25	-2.25 *	0	0	0	0	0
Business Zone Charge	N/A						
K-1							
PBX							
Semipublic							
COCOT							

* Alltel's touchtone charges have been eliminated prior to implementation of the Interim LEC Fund Plan.

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Rate Schedule

Bluffton Telephone Co., Inc.

	Current Rate	Change					Phased-in Rate
		1997	1998	1999	2000	2001	
R1	\$ 6.40	\$ 1.60	\$ 0.15	\$ 0.15	\$ 0.15	\$0.15	8.60
Residential Touch Tone	1.55	-1.55	0	0	0	0	0
Residential Zone Charge	N/A						
B1	8.45	2.95	1.45	1.45	1.45	1.45	17.20
Business Touch Tone	1.55	-1.55	0	0	0	0	0
Business Zone Charge	N/A						
K-1	8.75	4.00	4.00	4.00	4.00	3.95	28.70
PBX	15.31	2.79	2.65	2.65	2.65	2.65	28.70
Semipublic	14.79	2.91	2.75	2.75	2.75	2.75	28.70
COCOT	14.79	2.91	2.75	2.75	2.75	2.75	28.70

November 18, 1996

Rate Schedule

Chesnee Telephone Company, Inc.

	Current Rate	Change					Phased-in Rate
		1997	1998	1999	2000	2001	
R1	16.40	0	0	0	0	0	16.40
Residential Touch Tone	N/A						
Residential Zone Charge	N/A						
B1	31.10	0	0	0	0	0	31.10
Business Touch Tone	N/A						
Business Zone Charge	N/A						
K-1	31.10	0	0	0	0	0	31.10
PBX	45.95	0	0	0	0	0	45.95
Semipublic	32.65	0	0	0	0	0	32.65
COCOT	62.20	0	0	0	0	0	62.20

November 18, 1996

Rate Schedule

Chester Telephone Company

	Current Rate	Change					Phased-in Rate
		1997	1998	1999	2000	2001	
R1	\$ 5.79	\$ 1.80	\$ 1.30	\$ 1.30	\$ 1.30	\$ 1.30	12.79
Residential Touch Tone	1.80	-1.80	0	0	0	0	0
Residential Zone Charge	2.74	0	0	0	0	-2.74	0
B1	12.89	2.62	2.62	2.62	2.62	2.63	26.00
Business Touch Tone	1.80	-1.80	0	0	0	0	0
Business Zone Charge	1.96	0	0	0	0	-1.96	0
K-1	N/A						
PBX	19.13	1.37	1.37	1.37	1.38	1.38	26.00
Semipublic	N/A						
COCOT	10.31	3.14	3.14	3.14	3.14	3.13	26.00

November 18, 1996

Rate Schedule

Farmers Telephone Cooperative

	Current Rate	Change					Phased-in Rate
		1997	1998	1999	2000	2001	
R1	12.50	1.15	.35	.35	0	0	14.35
Residential Touch Tone	.75	-.75	0	0	0	0	0
Residential Zone Charge	N/A						
B1	24.25	2.45	1.00	1.00	0	0	28.70
Business Touch Tone	1.12	-1.12	0	0	0	0	0
Business Zone Charge							
K-1							
PBX							
Semipublic							
COCOT	24.25	2.45	1.00	1.00	0	0	28.70

November 18, 1996

Rate Schedule

Fort Mill Telephone Company

	Current Rate	Change					Phased-in Rate
		1997	1998	1999	2000	2001	
R1	9.00	1.65	0	0	0	0	10.65
Residential Touch Tone	1.25	-1.25	0	0	0	0	0
Residential Zone Charge	N/A						
B1	19.90	1.75	0	0	0	0	21.60
Business Touch Tone	1.75	-1.75	0	0	0	0	0
Business Zone Charge	N/A						
K-1							
PBX							
Semipublic							
COCOT							

November 18, 1996

Rate Schedule

Hargray Telephone Co., Inc. - Hardeeville Exchange

	Current Rate	Change					Phased-in Rate
		1997	1998	1999	2000	2001	
R1	\$ 6.70	\$ 1.20	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.25	8.60
Residential Touch Tone	1.05	-1.05	0	0	0	0	0
Residential Zone Charge	N/A						
B1	15.20	1.65	0.10	0.10	0.10	0.05	17.20
Business Touch Tone	1.55	-1.55	0	0	0	0	0
Business Zone Charge	N/A						
K-1	24.00	0.95	0.95	0.95	0.95	0.90	28.70
PBX	28.10	0.10	0.10	0.10	0.10	0.20	28.70
Semipublic	28.00	0.15	0.15	0.15	0.15	0.10	28.70
COCOT	28.00	0.15	0.15	0.15	0.15	0.10	28.70

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Rate Schedule

Hargray Telephone Co., Inc. - Hilton Head Exchange

	Current Rate	Change					Phased-in Rate
		1997	1998	1999	2000	2001	
R1	\$ 7.85	\$ 1.70	\$ 0.70	\$ 0.70	\$ 0.70	\$ 0.70	12.35
Residential Touch Tone	1.05	-1.05	0	0	0	0	0
Residential Zone Charge	N/A						
B1	16.50	2.85	1.30	1.30	1.30	1.45	24.70
Business Touch Tone	1.55	-1.55	0	0	0	0	0
Business Zone Charge	N/A						
K-1	26.05	0.50	0.50	0.50	0.50	0.65	28.70
PBX	30.40	-0.35	-0.35	-0.35	-0.35	-0.30	28.70
Semipublic	28.00	0.15	0.15	0.15	0.15	0.10	28.70
COCOT	28.00	0.15	0.15	0.15	0.15	0.10	28.70

November 18, 1996

Rate Schedule

Home Telephone Company, Inc. - Moncks Corner

	Current Rate	Change					Phased-in Rate
		1997	1998	1999	2000	2001	
R1	\$ 8.90	\$ 2.73	\$ 2.72	\$ 0	\$ 0	\$ 0	14.35
Residential Touch Tone	1.75	-0.88	-0.87	0	0	0	0
Residential Zone Charge	N/A						
B1	16.65	6.03	6.02	0	0	0	28.70
Business Touch Tone	2.50	-1.25	-1.25	0	0	0	0
Business Zone Charge	N/A						
K-1	21.25	3.73	3.72	0	0	0	28.70
PBX	N/A						
Semipublic	8.33	3.01	3.01	0	0	0	14.35
COCOT*	20.81	7.54	7.54	0	0	0	35.89

* 1.25xB1

November 18, 1996

Rate Schedule

Home Telephone Company, Inc. - Harleyville

	Current Rate	Change					Phased-in Rate
		1997	1998	1999	2000	2001	
R1	\$ 7.20	\$ 3.58	\$ 3.57	\$ 0	\$ 0	\$ 0	14.35
Residential Touch Tone	1.75	-0.88	-0.87	0	0	0	0
Residential Zone Charge	N/A						
B1	13.20	7.75	7.75	0	0	0	28.70
Business Touch Tone	-2.50	-1.25	-1.25	0	0	0	0
Business Zone Charge	N/A						
K-1	16.88	5.91	5.91	0	0	0	28.70
PBX	N/A						
Semipublic	8.33	3.01	3.01	0	0	0	14.35
COCOT*	20.81	7.54	7.54	0	0	0	35.89

* 1.25xB1

November 18, 1996

Rate Schedule

Horry Telephone Cooperative, Inc.

	Current Rate	Change					Phased-in Rate
		1997	1998	1999	2000	2001	
R1	9.50	.50	.50	.50	.50	.50	12.00
Residential Touch Tone	N/A						
Residential Zone Charge	N/A						
B1	20.00	.55	.55	.55	.55	.55	22.75
Business Touch Tone	N/A						
Business Zone Charge	N/A						
K-1	17.50	1.05	1.05	1.05	1.05	1.05	22.75
PBX (a)	24.50	-1.75	0	0	0	0	22.75
Semipublic	30.00	0	0	0	0	0	30.00
COCOT (b)	16.00	.44	.44	.44	.44	.44	18.20

- (a) Planning to flash cut PBX rate to proposed B1 rate effective 1/1/97.
 (b) COCOT rate is tariffed @ 80% of B1 rate.

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Rate Schedule

Lancaster Telephone Company - Lancaster Exchange

	Current Rate	Change					Phased-in Rate
		1997	1998	1999	2000	2001	
R1	11.85	2.45	0	0	0	0	14.30
Residential Touch Tone	1.25	-1.25	0	0	0	0	0
Residential Zone Charge	N/A						
B1	25.50	1.75	0	0	0	0	27.25
Business Touch Tone	1.75	-1.75	0	0	0	0	0
Business Zone Charge	N/A						
K-1							
PBX							
Semipublic							
COCOT							

November 18, 1996

Rate Schedule

Lancaster Telephone Company - Fort Lawn Exchange

	Current Rate	Change					Phased-in Rate
		1997	1998	1999	2000	2001	
R1	12.15	2.20	0	0	0	0	14.35
Residential Touch Tone	1.25	-1.25	0	0	0	0	0
Residential Zone Charge	N/A						
B1	26.75	1.75	0	0	0	0	28.50
Business Touch Tone	1.75	-1.75	0	0	0	0	0
Business Zone Charge	N/A						
K-1							
PBX							
Semipublic							
COCOT							

November 18, 1996

Rate Schedule

Lockhart Telephone Company

	Current Rate	Change					Phased-in Rate
		1997	1998	1999	2000	2001	
R1	\$ 6.18	\$ 1.20	\$ 0.63	\$ 0.63	\$ 0.63	\$ 0.63	9.90
Residential Touch Tone	1.20	-1.20	0	0	0	0	0
Residential Zone Charge	0.88	0	0	0	0	-0.88	0
B1	12.62	1.86	1.86	1.86	1.86	1.84	21.90
Business Touch Tone	1.20	-1.20	0	0	0	0	0
Business Zone Charge	0.49	0	0	0	0	-0.49	0
K-1	N/A						
PBX	19.96	0.40	0.40	0.40	0.40	0.34	21.90
Semipublic	N/A						
COCOT	14.08	1.56	1.56	1.56	1.57	1.57	21.90

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Rate Schedule

McClellanville Telephone Company

	Current Rate	Change					Phased-in Rate
		1997	1998	1999	2000	2001	
R1	\$ 13.30	\$ 1.05	\$ 0	\$ 0	\$ 0	\$ 0	\$14.35
Residential Touch Tone	1.15	-1.15	0	0	0	0	0
Residential Zone Charge	N/A						
B1	19.90	5.10	0.90	0.90	0.90	1.00	28.70
Business Touch Tone	1.65	-1.65	0	0	0	0	0
Business Zone Charge	N/A						
K-1	27.00	1.70	0	0	0	0	28.70
PBX	27.00	1.70	0	0	0	0	28.70
Semipublic	27.00	1.70	0	0	0	0	28.70
COCOT	27.00	1.70	0	0	0	0	28.70

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Rate Schedule

Norway Telephone Company

	Current Rate	Change					Phased-in Rate
		1997	1998	1999	2000	2001	
R1	\$12.80	\$ 1.55	\$ 0	\$ 0	\$ 0	\$ 0	\$14.35
Residential Touch Tone	1.00	-1.00	0	0	0	0	0
Residential Zone Charge	N/A						
B1	21.10	3.90	0.90	0.90	0.90	1.00	28.70
Business Touch Tone	1.00	-1.00	0	0	0	0	0
Business Zone Charge	N/A						
K-1	22.70	6.00	0	0	0	0	28.70
PBX	22.70	6.00	0	0	0	0	28.70
Semipublic	21.10	7.60	0	0	0	0	28.70
COCOT	21.10	7.60	0	0	0	0	28.70

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Rate Schedule

Palmetto Rural Telephone Cooperative, Inc.

	Current Rate	Change					Phased-in Rate
		1997	1998	1999	2000	2001	
R1	9.60	1.05	.85	.95	.95	.95	14.35
Residential Touch Tone	N/A						
Residential Zone Charge	N/A						
B1	20.85	1.57	1.57	1.57	1.57	1.57	28.70
Business Touch Tone	N/A						
Business Zone Charge	N/A						
K-1	20.85	1.57	1.57	1.57	1.57	1.57	28.70
PBX	33.75	0	0	0	0	0	33.75
Semipublic	N/A						
COCOT	24.75	.79	.79	.79	.79	.79	28.70

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Rate Schedule

Piedmont Rural Telephone Cooperative, Inc. - Laurens Rural Exchange

	Current Rate	Change					Phased-in Rate
		1997	1998	1999	2000	2001	
R1	8.20	3.10	0	3.05	0	0	14.35
Residential Touch Tone	1.25	-1.25	0	0	0	0	0
Residential Zone Charge	N/A						
B1	17.90	5.40	0	5.40	0	0	28.70
Business Touch Tone	1.75	-1.75	0	0	0	0	0
Business Zone Charge	N/A						
K-1	17.90	5.40	0	5.40	0	0	28.70
PBX	36.50	0	0	0	0	0	36.50
Semipublic	20.00	4.35	0	4.35	0	0	28.70
COCOT	35.80	0	0	0	0	0	35.80

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Rate Schedule

**Piedmont Rural Telephone Cooperative, Inc. - Gray Court, Hickory Tavern,
Waterloo, West End Exchanges**

	Current Rate	Change					Phased-in Rate
		1997	1998	1999	2000	2001	
R1	7.95	3.20	0	3.20	0	0	14.35
Residential Touch Tone	1.25	-1.25	0	0	0	0	0
Residential Zone Charge	N/A						
B1	17.65	5.55	0	5.50	0	0	28.70
Business Touch Tone	1.75	-1.75	0	0	0	0	0
Business Zone Charge	N/A						
K-1	17.65	5.55	0	5.50	0	0	28.70
PBX	36.00	0	0	0	0	0	36.00
Semipublic	19.75	4.50	0	4.45	0	0	28.70
COCOT	35.30	0	0	0	0	0	35.30

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Rate Schedule

Piedmont Rural Telephone Cooperative, Inc. - Enoree Exchange

	Current Rate	Change					Phased-in Rate
		1997	1998	1999	2000	2001	
R1	13.07	1.54	0	1.54	0	0	16.15
Residential Touch Tone	1.25	-1.25	0	0	0	0	0
Residential Zone Charge	N/A						
B1	22.77	3.88	0	3.85	0	0	30.50
Business Touch Tone	1.75	-1.75	0	0	0	0	0
Business Zone Charge	N/A						
K-1	22.77	3.88	0	3.85	0	0	30.50
PBX	41.12	0	0	0	0	0	41.12
Semipublic	24.87	2.28	0	2.81	0	0	29.96
COCOT	45.54	0	0	0	0	0	45.54

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Rate Schedule

Pond Branch Telephone Company, Inc.
All Pond Branch Exchanges (Except Ridge Exchange)

	Current Rate	Change					Phased-in Rate
		1997	1998	1999	2000	2001	
R1	10.50	1.29	1.28	1.28	0	0	14.35
Residential Touch Tone	1.00	-1.00	0	0	0	0	0
Residential Zone Charge	N/A						
B1	17.50	3.74	3.73	3.73	0	0	28.70
Business Touch Tone	1.00	-1.00	0	0	0	0	0
Business Zone Charge	N/A						
K-1	28.00	.70	0	0	0	0	28.70
PBX	28.00	.70	0	0	0	0	28.70
Semipublic	28.50	.20	0	0	0	0	28.70
COCOT	28.50	.20	0	0	0	0	28.70

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Rate Schedule

Pond Branch Telephone Company, Inc. - Ridge Exchange

	Current Rate	Change					Phased-in Rate
		1997	1998	1999	2000	2001	
R1	10.20	1.39	1.38	1.38	0	0	14.35
Residential Touch Tone	1.75	-1.75	0	0	0	0	0
Residential Zone Charge	N/A						
B1	20.20	2.84	2.83	2.83	0	0	28.70
Business Touch Tone	1.05	-1.05	0	0	0	0	0
Business Zone Charge	N/A						
K-1	28.00	.70	0	0	0	0	28.70
PBX	28.00	.70	0	0	0	0	28.70
Semipublic	28.50	.20	0	0	0	0	28.70
COCOT	28.50	.20	0	0	0	0	28.70

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Rate Schedule

Ridgeway Telephone Company

	Current Rate	Change					Phased-in Rate
		1997	1998	1999	2000	2001	
R1	\$10.00	\$ 1.80	\$ 0.30	\$ 0.30	\$ 0.30	\$ 0.30	\$13.00
Residential Touch Tone	1.80	-1.80	0	0	0	0	0
Residential Zone Charge	N/A						
B1	13.00	2.50	2.50	2.50	2.50	2.50	25.50
Business Touch Tone	1.80	-1.80	0	0	0	0	0
Business Zone Charge	N/A						
K-1	N/A						
PBX	19.50	1.20	1.20	1.20	1.20	1.20	25.50
Semipublic	N/A						
COCOT	12.40	2.62	2.62	2.62	2.62	2.62	25.50

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Rate Schedule

Rock Hill Telephone Company

	Current Rate	Change					Phased-in Rate
		1997	1998	1999	2000	2001	
R1	9.85	3.75	0	0	0	0	13.60
Residential Touch Tone	1.25	-1.25	0	0	0	0	0
Residential Zone Charge	N/A						
B1	21.70	1.75	0	0	0	0	23.45
Business Touch Tone	1.75	-1.75	0	0	0	0	0
Business Zone Charge	N/A						
K-1							
PBX							
Semipublic							
COCOT							

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Rate Schedule

Sandhill Telephone Co-Op, Inc.

	Current Rate	Change					Phased-in Rate
		1997	1998	1999	2000	2001	
R1	\$ 6.20	\$ 0.92	\$ 0.92	\$ 0.92	\$ 0.92	\$ 0.92	\$10.80
Residential Touch Tone	N/A						
Residential Zone Charge	N/A						
B1	11.20	2.08	2.08	2.08	2.08	2.08	21.60
Business Touch Tone	N/A						
Business Zone Charge	N/A						
K-1	16.80	0.96	0.96	0.96	0.96	0.96	21.60
PBX	22.40	-0.16	-0.16	-0.16	-0.16	-0.16	21.60
Semipublic	N/A						
COCOT	N/A						

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Rate Schedule

St. Stephen Telephone Company

	Current Rate	Change					Phased-in Rate
		1997	1998	1999	2000	2001	
R1	\$10.55	\$ 3.80	\$ 0	\$ 0	\$ 0	\$ 0	\$14.35
Residential Touch Tone	1.15	-1.15	0	0	0	0	0
Residential Zone Charge	N/A						
B1	19.30	5.70	0.90	0.90	0.90	1.00	28.70
Business Touch Tone	1.65	-1.65	0	0	0	0	0
Business Zone Charge	N/A						
K-1	26.62	2.08	0	0	0	0	28.70
PBX	26.62	2.08	0	0	0	0	28.70
Semipublic	28.95	0	0	0	0	0	28.95
COCOT	28.95	0	0	0	0	0	28.95

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Rate Schedule

West Carolina Rural Telephone Cooperative, Inc.

	Current Rate	Change					Phased-in Rate
		1997	1998	1999	2000	2001	
R1	7.80	2.55	1.00	1.00	1.00	1.00	14.35
R1 with Touch Tone	9.30	1.05 *					
Residential Zone Charge	N/A						
B1	15.80	3.80	2.30	2.30	2.30	2.20	28.70
B1 with Touch Tone	17.30	2.30 **					
Business Zone Charge	N/A						
K-1							
PBX	24.75	2.59	2.59	1.97	0	0	31.90
Semipublic							
COCOT							

* In 1997, R1 with touchtone and R1 will be the same rate. Touchtone will be offered to all customers, and the R1 rate will apply to all residential customers. ("R1 with touchtone" will be eliminated)

** In 1997, B1 with touchtone and B1 will be the same rate. Touchtone will be offered to all customers, and the B1 rate will apply to all business customers. ("B1 with touchtone" will be eliminated)

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Rate Schedule

Williston Telephone Company

	Current Rate	Change					Phased-in Rate
		1997	1998	1999	2000	2001	
R1	\$16.50	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$16.50
Residential Touch Tone	1.00	0	0	0	0	0	1.00
Residential Zone Charge	N/A						
B1	30.50	0	0	0	0	0	30.50
Business Touch Tone	1.00	0	0	0	0	0	1.00
Business Zone Charge	N/A						
K-1	31.00	0	0	0	0	0	31.00
PBX	49.00	0	0	0	0	0	49.00
Semipublic	45.75	0	0	0	0	0	45.75
COCOT	45.75	0	0	0	0	0	45.75

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